

The Greener Community:

Challenges in Transit-Oriented Development

Shem Lawlor

Build and Buy Green Expo

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City and County of Honolulu

Department of Planning and Permitting



The Honolulu High-Capacity Rail Corridor Project

- 20 Miles, 21 Stations
- Fully Grade-Separated
- Construction expected to resume this Fall
- Full system in operation by 2019 (only six years from now)
- Will have a large impact on transportation and land use patterns
- Provides Honolulu with a significant opportunity to do Transit-Oriented Development



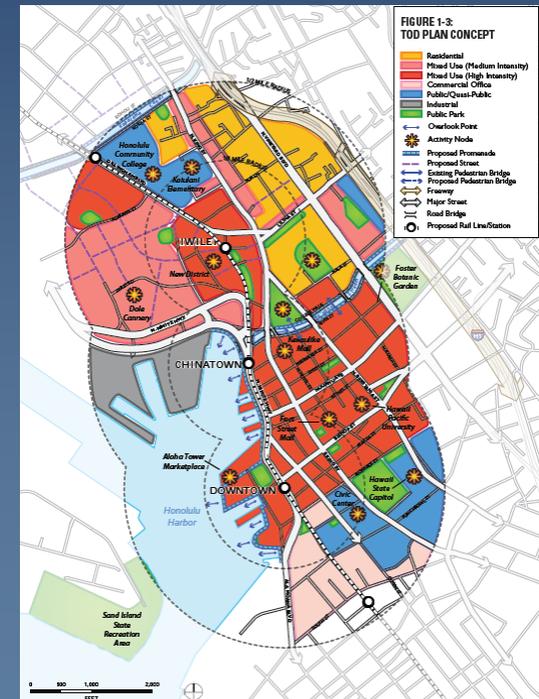
What is TOD?

- Walkable Neighborhoods
- Mixed-Use
- Mixed-Income
- Compact, High Density Development
- Area $\frac{1}{4}$ to $\frac{1}{2}$ mile from a major transit node
- Multi-modal

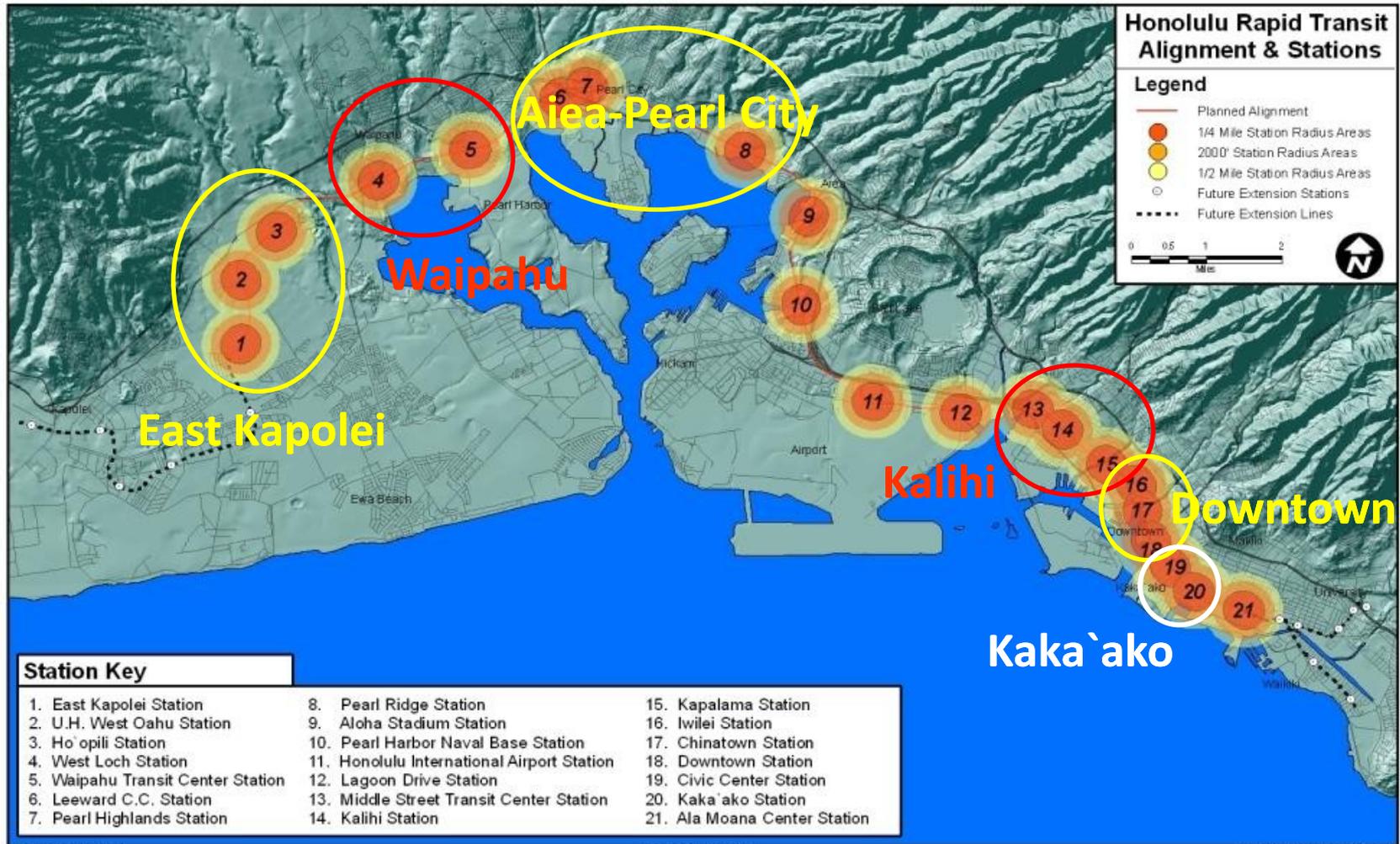


Honolulu's TOD Program

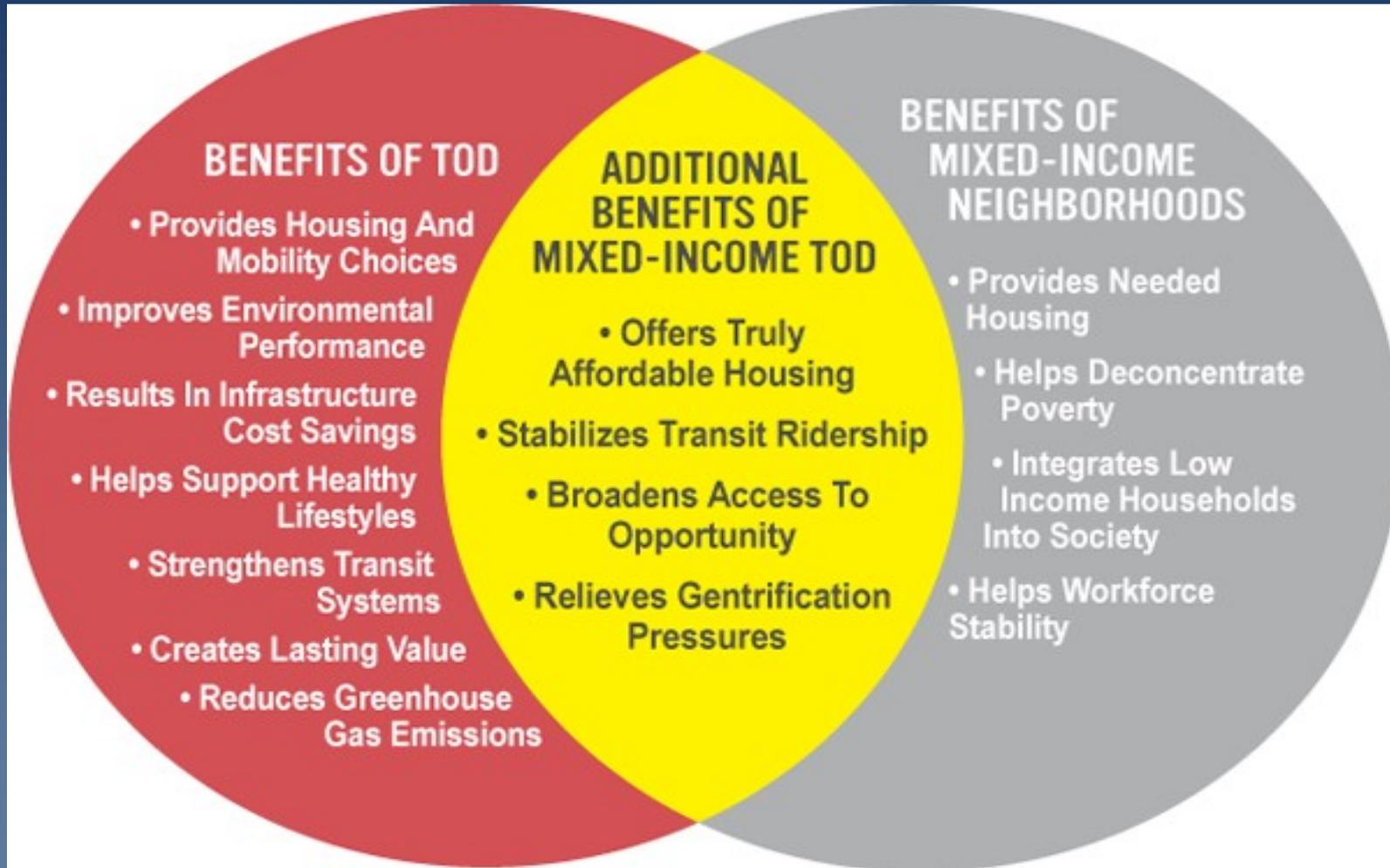
- Neighborhood TOD Plans
- New zoning and design guidelines
- TOD Affordable Housing Program



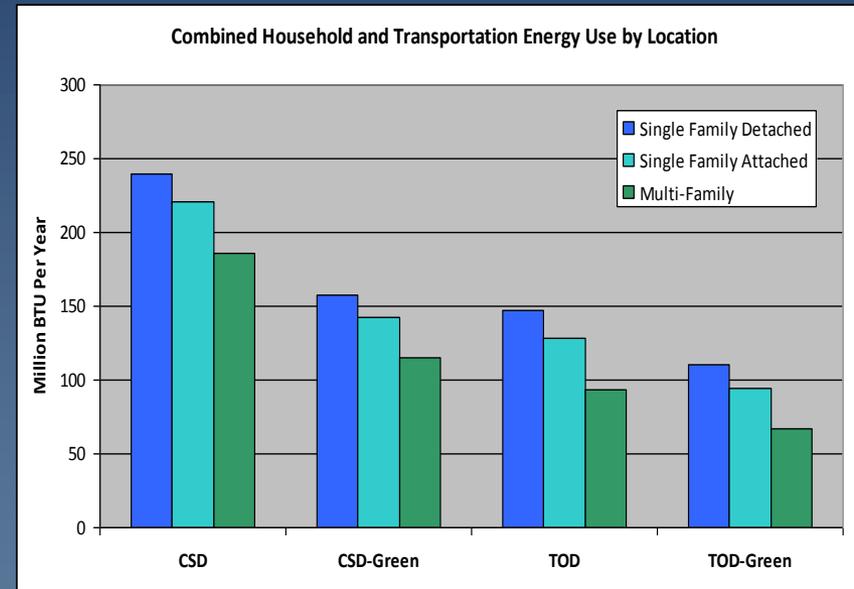
Neighborhood TOD Plan Groups



TOD Benefits



TOD location has a greater impact on energy use than housing type, or green building and automobile technologies.



Source: Jonathan Rose Companies LLC, with support from US EPA, 2010

Housing + Transportation Affordability

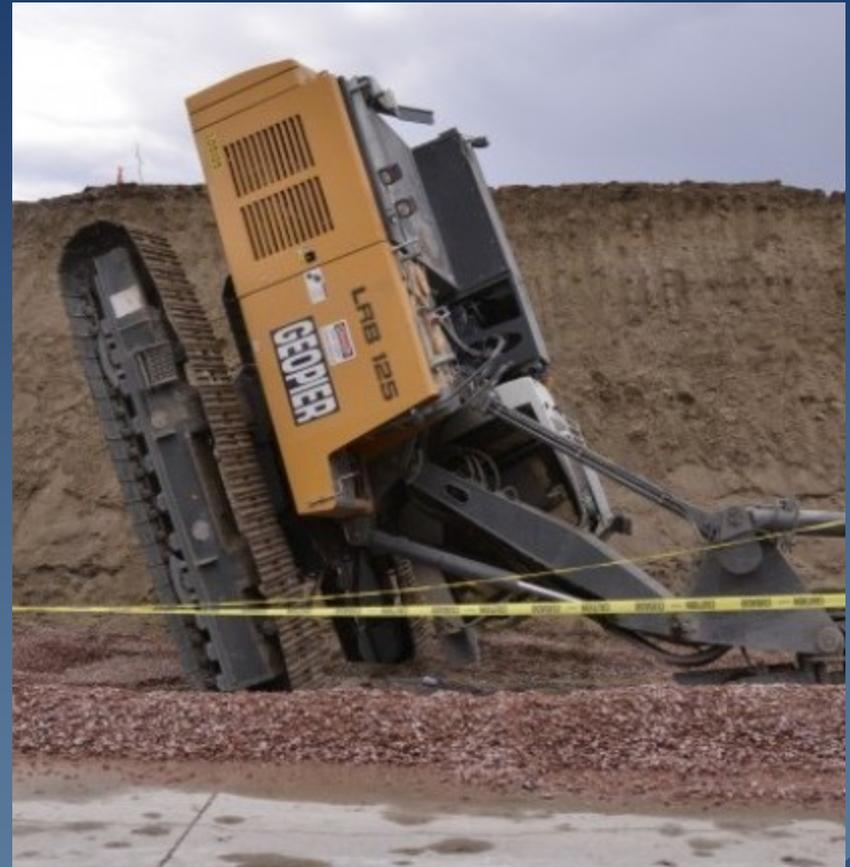
Housing + Transportation Affordability = Less than 45% of gross monthly income



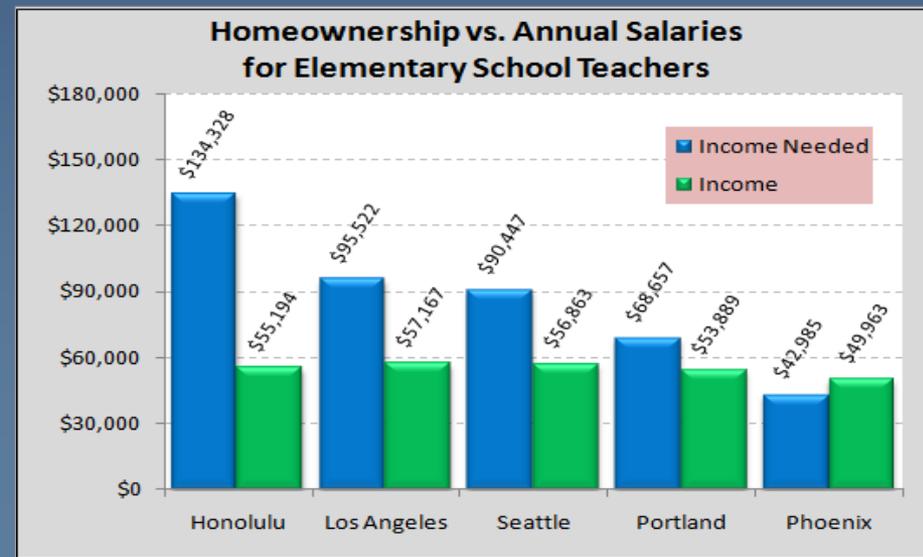
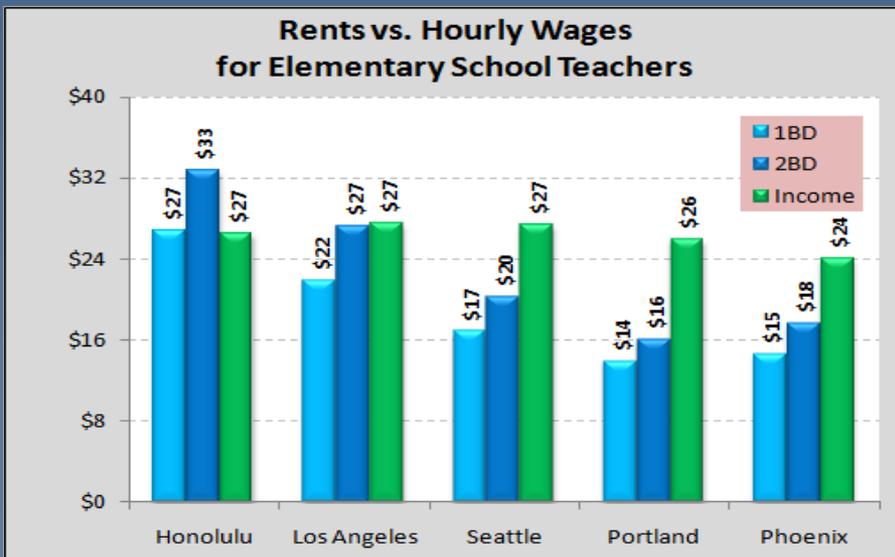
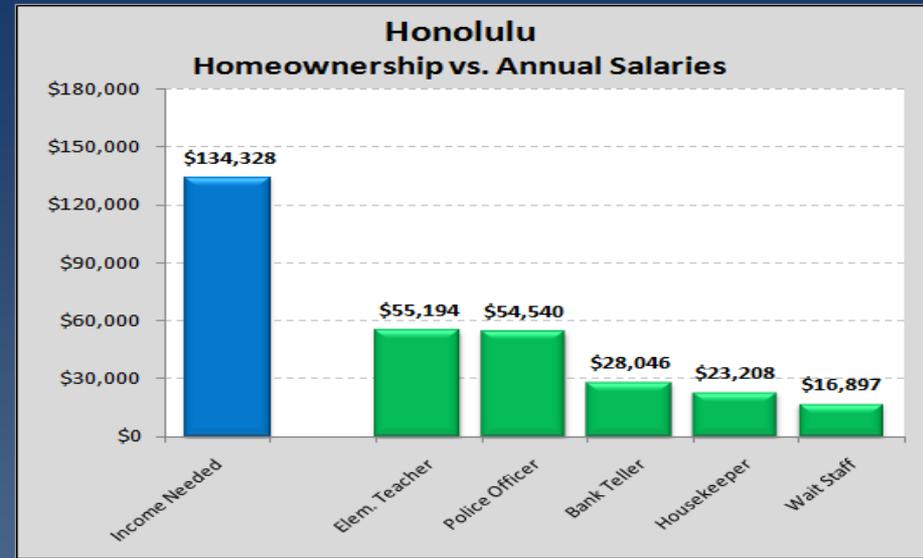
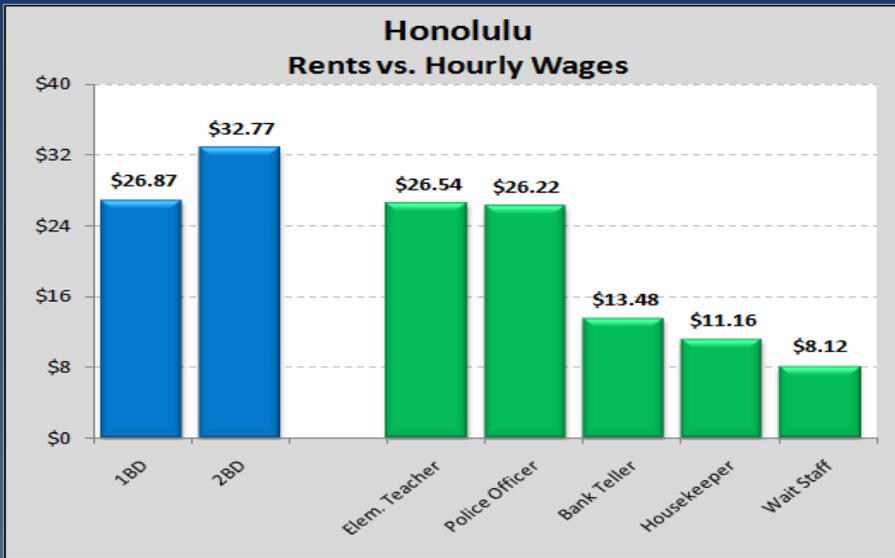
Source: US DOT, Federal Highway Administration

TOD Challenges

- High land and construction costs.
- Low wages - Hawaii is dominated by service-sector industries, whose average employee wage scales do not support the purchase of housing (for-sale)
- Typically, projected market rents do not support new multi-family (rental) construction;
- The majority of employer assisted housing programs focus heavily on demand-side (for-sale) programs.
- Aging infrastructure in need of costly improvements
- Density, affordable housing and rental housing, all can have negative connotation – NIMBY

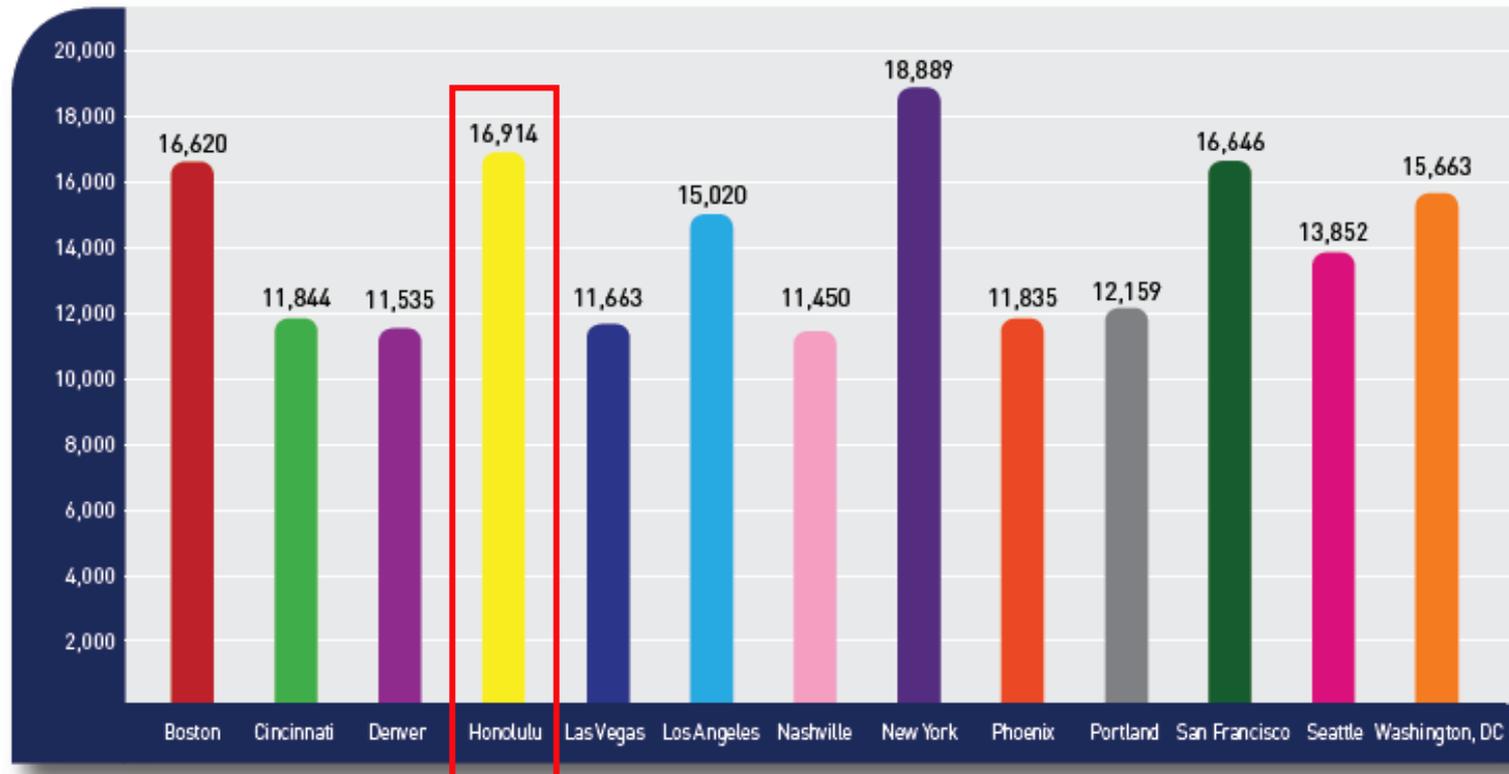


Workforce Housing



Construction Costs

Third Quarter Comparative Cost Index



Source: Rider Levitt Bucknall

Worst Income to Housing Cost in the Nation

#	US Metro Area	Ave Weekly Wage	Median \$/Ft ²	Years to Save 20% Down Payment
1	Honolulu, HI	\$851	\$393	28.7
2	San Francisco, CA	\$1,478	\$459	20.6
3	Orange County, CA	\$1,038	\$261	17.1
5	Los Angeles, CA	\$1,046	\$236	15.5
6	Long Island, NY	\$1,023	\$216	14.6
7	San Diego, CA	\$1,009	\$212	14.6
9	New York City, NY	\$1,435	\$275	13.4
11	Miami, FL	\$893	\$166	13.1
13	Boston, MA	\$1,280	\$219	12.1

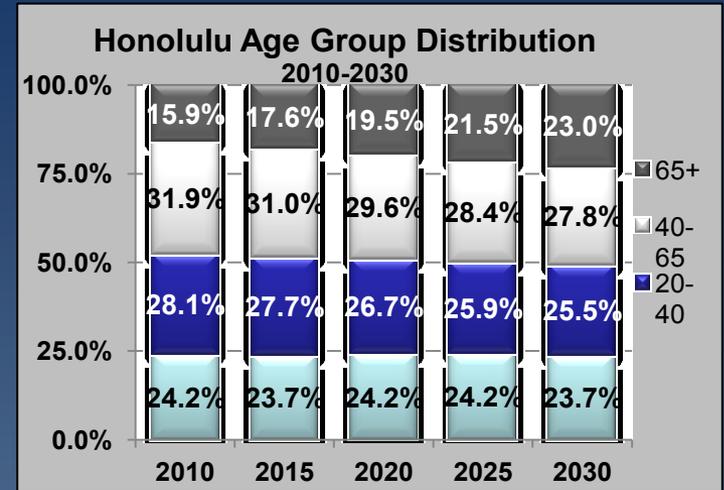
Calculations based on median square footage, with a 2000ft² home, Average Weekly Wages, with a 10% savings rate.

Source: The Atlantic Cities 8/2012

<http://www.theatlanticcities.com/housing/2012/08/how-long-will-you-need-save-buy-home-your-city/3085/>

TOD Opportunities

- Rise of Generation Y: smaller families, less auto-centric, greater preference for urban living
 - Retiring Baby-boomers: empty nesters, fewer drivers as they age
 - Rising oil prices
 - Increasing sustainability awareness
 - Smart Growth movement
 - New push for combined Housing + Transportation Affordability
 - Single Family Homes more expensive in Honolulu
 - Median SFH: \$595,000
 - Median Condo: \$308,750
- (Hawaii State Data Book, 2010)*



TOD Development Needs

- Land Assemblages
- Land buy-downs
- Predictable Entitlement process
- Pre-Development money
- Infrastructure costs assistance
- Gap Financing
- Public investment for the regional amenities
- Knowledgeable, sophisticated public partners
- Reasonable profit in 3 – 5 yrs



Tools Used by Local Governments to Promote TOD



Federal TOD Financing Tools

Program	Funding Source/Type	Description	\$ Available	Infrastructure	Housing	Economic Development	Open Space	Transportation Improvements
HUD Community Development Block Grants (CDBGs)	Federal Grant	Funds are available for comprehensive planning, elimination of slums and blight, and affordable housing.	\$12.5 million used in Honolulu in FY2010.	✓	✓	✓	✓	
HUD Section 108 (CDBG) Program	Federally Guaranteed Loans	Allows local governments to transform a portion of their CDBG funds into federally guaranteed loans large enough to pursue physical and economic revitalization projects.		✓	✓	✓	✓	
HUD Home Investment Partnerships	Federal Grant	Block grant to State and local governments designed exclusively to create affordable housing for low-income households.	Honolulu expended \$7.3M in FY2009.		✓			
HUD Capital Fund Program (CFP) Grants	Federal Grants	Provides funds to Public Housing Agencies (PHAs) for the development, financing, and modernization of public housing developments.	HPHA awarded \$12.4 million for FY2010.		✓			
HUD Capital Fund Finance Program (CFFP)	Federally Backed Bonds/Loans	PHAs may borrow private capital to make improvements and pledge a portion of its future capital funds to make debt service payments on either bonds or bank loans.			✓			
HUD/DOT Sustainable Communities Regional Planning Grants	Federal Grants	Supports metropolitan and multi-jurisdictional planning efforts to integrate housing, land use, economic and workforce development, transportation, and infrastructure investments.	Up to \$5 million per applicant.	✓	✓	✓	✓	
HUD HOPE VI Revitalization	Federal Grants	Funds capital costs of major rehabilitation, new construction and other physical improvements.			✓			
HUD/DOT Sustainable Communities Challenge Grants	Federal Grants	Fosters reform and reduces barriers to achieving affordable, economically vital, and sustainable communities.	Up to \$3 million, Honolulu will receive \$2.3 million this year.	✓	✓	✓	✓	

Federal TOD Financing Tools (Cont.)

Program	Funding Source/Type	Description	\$ Available	Infrastructure	Housing	Economic Development	Open Space	Transportation Improvements
HUD Section 4 Capacity Building Grants (limited competition)	Grants	Provides grants to intermediaries to develop the capacity of nonprofit community development corporations (CDCs) to attract private investment for housing, economic development, and other community revitalization activities. By statute, there are five eligible grantee organizations.			✓			
HUD Self-Help Homeownership Opportunity Program (SHOP)	Grant	Provides funds for eligible national and regional non-profit organizations and consortia to purchase home sites and develop or improve the infrastructure needed to set the stage for sweat equity and volunteer-based homeownership programs for low-income persons and families.		✓	✓			
HUD Choice Neighborhoods Initiative	Grant	Links housing improvements with appropriate services, schools, public assets, transportation, and access to jobs. Possible permanent replacement for HOPE VI.		✓	✓	✓	✓	
HUD Section 202 Supportive Housing for the Elderly	Grant	Provides funding for the development and operation of supportive housing for very low-income persons 62 years of age or older.	Total FY2010 funding was \$550 million.		✓			
HUD Section 811 Supportive Housing for Persons with Disabilities	Grant	Provides funding for the development and operation of supportive housing for very low-income persons with disabilities who are at least 18 years old.	Total FY2009 funding was about \$90 million.		✓			
HUD Brownfields Economic Development Initiative (BEDI)	Grant	Assists cities with the redevelopment of abandoned, idled and underused industrial and commercial facilities where expansion and redevelopment is burdened by real or potential environmental contamination. Program in danger of being dissolved.	Budgeted at \$18 million in FY2010.	✓	✓	✓	✓	
EPA Brownfields Cleanup Revolving Loan Fund (BCRLF)	Revolving Loan Fund	A \$2 million revolving loan fund offering low and no interest loans to cleanup brownfield properties managed by the State Office of Planning.		✓	✓	✓	✓	
EPA Cleanup Grants	Grants	Provides funding for cleanup activities at brownfield sites. Require 20% cost share.	Up to \$200,000 per site and five sites per applicant.	✓	✓	✓	✓	

State and Local TOD Financing Tools

Program	Funding Source/Type	Description	\$ Available	Infrastructure	Housing	Economic Development	Open Space	Transportation Improvements
State								
Hawaii Capital Loan Fund	State Loan Fund	Provides loans to small businesses or local development companies for plant construction, conversion, expansion, or acquisition of land for expansion or for the supplying of working capital.	Up to \$1 million per applicant.	✓		✓	✓	
C&C Honolulu								
Tax Increment Financing (TIF)	Property Tax Revenue	Pays developer for up-front infrastructure (or other improvements), typically through issuance of bonds to be repaid by benefiting landowners as a real property tax surcharge. Never been used; may require constitutional amendment.		✓	✓	✓	✓	✓
Real Property Tax Holiday (rollback, give-back, forgiveness, etc)	Forgone Property Tax Revenue	Discounts annual tax assessment by amount of improvement made during subject years; typically for 3-7 years.			✓	✓	✓	
Business Incentive	Forgone Property Tax Revenue	Exempts physical improvements from real property tax increase for 3 years, for businesses creating 50 or more jobs. May not be active program.	Up to \$100K/yr.		✓	✓	✓	
Communities Facilities District (CFD)	Property Tax Revenue	Areas where a special property tax on real estate, in addition to the normal property tax, is imposed on real property owners to make payments on principal and interest on the bonds used to make public improvements.		✓			✓	✓
Special Improvement District (SID)	Property Tax Revenue	Enables counties to levy a special assessment on property located in the SID to pay the debt service on bonds issued to finance maintenance and improvements within the district.		✓			✓	✓
General Improvement Bond Fund	General Obligation Bonds	Funds public improvements in the C&C Capital Budget.		✓			✓	✓

State and Local TOD Financing Tools (Cont.)

Program	Funding Source/Type	Description	\$ Available	Infrastructure	Housing	Economic Development	Open Space	Transportation Improvements
Bikeway Fund	C&C Operating or Capital Budgets	For acquisition, design, construction, or improvement of bikeways (including storm drains and bridges).	\$600,000 in FY2011 Budget.	✓				✓
Community Development Fund	CDBG Grant Funds	City fund for expending CDBG grant monies.	\$7.1 million in FY2011 Budget.	✓	✓	✓	✓	
Parks and Playgrounds Fund	Developer Fees	Monies from developers who pay a fee in lieu of providing land for parks or playgrounds. Can be used to purchase land for new parks, expand existing ones, or park improvements.		✓			✓	
Sewer Revenue Bond Improvement Fund	Sewer Revenue Bonds	Used to fund improvements, repairs and maintenance of the wastewater treatment system.	\$329 million in FY2011 Budget	✓	✓			
Housing Development Special Fund	General Obligation Bonds	For the purpose of developing housing for sale or rent in the City and County of Honolulu, including the cost of construction or acquisition of land. Program basically dormant.	No funding in FY2011 Capital Budget.	✓	✓		✓	
Clean Water and Natural Lands Fund	Property Tax Revenues	Contains a minimum of 0.5% of county real property tax revenues plus any interest earned on deposits in this fund. Used for land conservation for the protection of watershed lands to preserve water quality and water supply; preservation of forests, beaches, coastal areas and agricultural lands; public outdoor recreation and education, including access to beaches and mountains.	\$8.2 million in fund by FY2011 Budget.	✓			✓	
Affordable Housing Fund	Property Tax Revenues	Contains a minimum of 0.5% of county real property tax revenues plus any interest earned on deposits in this fund. Used to provide and maintain affordable housing for persons earning less than 50% of the median household income.	\$10.1 million in fund by FY2011 Budget.	✓	✓		✓	
Transit Improvement Bond Fund	General Obligation Bonds	Proceeds from the sale of general obligation bonds are placed into this fund and are meant to pay for public improvements related to transit.	\$1.04 billion in fund by FY2011 Budget.	✓				✓

Successful TOD Cities

- Clear vision
- Policy makers understand the market
- Early community buy in
- Clear zoning and design guidelines
- Quality is insisted on
- Density minimums
- Collaborative planning processes
- Land assembly
- Assistance with project economics
 - Direct investment to create public benefits
 - Financing assistance tied to public benefits
- Co-investment and co-development



Mahalo